

Agreement on Duty-Free Treatment of Multi-Chip Integrated Circuits (MCPs)

Recalling that there exists a shared view on the duty-free treatment of MCPs among the Members of the Government/Authorities Meeting on Semiconductors (GAMS), which are the European Community represented in GAMS through the European Commission; Japan; the Republic of Korea; the United States of America; and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, those GAMS Members have agreed as follows:

1. For purposes of this Agreement:

- (a) **multi-chip integrated circuits (MCPs)** means multi-chip integrated circuits consisting of two or more interconnected monolithic integrated circuits combined to all intents and purposes indivisibly, whether or not on one or more insulating substrates, with or without lead frames, but with no other active or passive circuit elements;
- (b) **Harmonized System** means the Harmonized Commodity Description and Coding System set out in the Annex to the International Convention on the Harmonized Commodity Description and Coding System, as may be amended, and as adopted and implemented by the Parties in their respective internal laws and regulations;
- (c) **Party** means a GAMS Member or any Member of the World Trade Organization (WTO) that has deposited its instrument of acceptance with the depositary; and
- (d) terms used in this Agreement that are also used in the Marrakesh Agreement Establishing the World Trade Organization (the WTO Agreement) shall have the same meaning as in the WTO Agreement.

2. This Agreement shall apply to all MCPs, regardless of where such products are classified in the Harmonized System.

3. Each Party shall, on a most-favored-nation basis, reduce to zero the rate of all customs duties and other duties and charges, as such duties and charges are described in Article II:1(b) of the General Agreement on Tariffs and Trade 1994 (GATT 1994), that it applies to MCPs, in accordance with the following procedures:

- (a) Each Party shall apply duties and charges on MCPs at a rate of zero until all the Parties agree that a sufficient level of global trade in MCPs is covered in a multilateral tariff reduction agreement under the auspices of the WTO.
- (b) At that time, or, if that time is before 31 December 2006, on 1 January 2007, each Party shall bind all duties and charges on MCPs at a rate of zero.
- (c) All the Parties agree to cooperate with other Members of the WTO to achieve 90 percent coverage of global trade in MCPs in such a tariff reduction agreement.

4. (a) Each Party shall, at the time of its acceptance of this Agreement, provide to the depositary a list of the headings in its tariff schedule that include MCPs. If a Party subsequently classifies an MCP in a heading not included on its original list, that Party shall promptly provide a modified list to the depositary.
- (b) Any Party may at any time request modifications to a list of another Party that it finds to be incomplete, in which case the requested Party shall consult and work with the requesting Party in good faith to complete all modifications as necessary. The modified list shall be provided to the depositary.
- (c) The depositary shall transmit the provided list, including its modifications, to all Parties.
5. Notwithstanding the autonomous liberalization of applied duties and charges on MCPs under this Agreement, each Party shall be permitted to take into account the binding of tariffs on MCPs at zero level as part of its overall balance of concessions in a multilateral tariff reduction agreement under the auspices of the WTO.
6. Without prejudice to paragraph 3, nothing in this Agreement shall be interpreted as affecting a Party's rights and obligations under the WTO Agreement.
7. (a) After the depositary receives four instruments of acceptance from GAMS Members, those Parties shall agree on a date of entry into force of the Agreement.
- (b) This Agreement shall be open for acceptance by any Member of the WTO. An acceptance following the entry into force of this Agreement shall enter into force on the date such acceptance is received by the depositary. The depositary shall inform all Parties upon receipt of an acceptance.
- (c) If the Parties agree to amend this Agreement, subparagraphs (a) and (b) shall apply *mutatis mutandis* to such amendment.
8. When all the Parties bind all duties and charges on MCPs at a rate of zero pursuant to paragraph 3(b), this Agreement shall terminate.
9. The original of this Agreement in the English language as well as the instruments of acceptance shall be deposited with the Secretary-General of the Council of the European Union.